



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D.C. 20548

B-167710

November 5, 1981

HEADS OF DEPARTMENTS AND AGENCIES

SUBJECT: Audit of Unvouchered Expenditures

The General Accounting Office Act of 1980 (31 U.S.C. 67) assigns to the General Accounting Office (GAO) responsibility and authority for examining unvouchered accounts of the Federal Government. The statute also provides authority for the President to exempt from GAO oversight any expenditures involving sensitive foreign intelligence, foreign counterintelligence, or sensitive law enforcement investigations.

In anticipation of the accounting and recordkeeping problems this legislation could create, on June 12, 1980, we sent a letter to heads of departments and agencies (copy attached) calling your attention to the provisions of the act, reminding you of the records necessary to be maintained for GAO audits, and suggesting that if certain expenditures in the accounts qualify for an exemption actions be taken to obtain such an exemption.

In carrying out our responsibility under the act, we contacted officials at several agencies, including the Departments of Defense, State, Justice, and the Treasury, to commence our audit of selected accounts. Our work to date has revealed that some of the accounts include intelligence transactions or transactions pertaining to sensitive law enforcement investigations. In these cases the accounting for those transactions subject to audit had not been segregated from those subject to exemption, nor had any actions been taken to obtain the exemptions. At the time we began our work no exemptions had been granted by the President.

I again call your attention to the requirements of the GAO Act of 1980 and ask you to immediately take actions to ensure that appropriate accounting records are maintained for these accounts and that any necessary exemptions are obtained so that we may carry out our audit responsibility with a minimum of disruption to all parties.

Any questions regarding these matters should be directed to Mr. W. D. Campbell, Acting Director, Accounting and Financial Management Division.

Charles A. Bowsher

Comptroller General
of the United States

Attachment